



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Letter to Governor Wilson regarding Educational Revenue Augmentation Fund

MEETING DATE: May 7, 1997

PREPARED BY: Assistant to the City Manager

RECOMMENDED ACTION: That City Council approve the attached letter for the Mayor's signature and submission to the Governor.

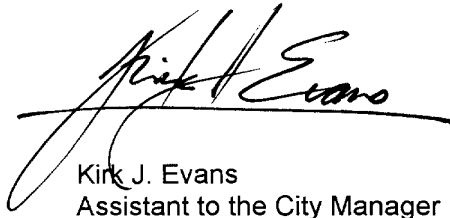
BACKGROUND INFORMATION: The attached letter requests the Governor's support for AB 95, SB 880, AB 1, and ACA 4. If passed, these bills will arrest the growth of Educational Revenue Augmentation Fund transfers at current fiscal year levels. Then, with the passage of time, these transfers will be incrementally diminished until they disappear altogether. When these bills accomplish these desired objectives the fiscal benefit to the City of Lodi will exceed \$1.1 million per year. This represents almost five percent of the 1996-97 general fund budget. The League of California Cities commented that,

City services were reduced to assist the state general fund during the recession. The recession is over. It is time to make the difficult choices and set local government finances and services straight.

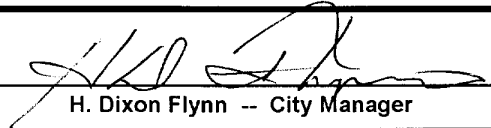
The League reports the Assembly Local Government Committee approved AB 95 on April 2, and the Senate Local Government Committee passed SB 880 on April 16, by unanimous vote, with no opposition present and complete bipartisan support. It is commendable that AB 95 requires the reduction in the amount of the shift to have no impact on K-12 schools and community colleges.

Staff recommends that City Council approve the attached letter for submission to the Governor.

FUNDING: N/A


Kirk J. Evans
Assistant to the City Manager

APPROVED: _____


H. Dixon Flynn -- City Manager

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
JACK A. SIEGLOCK
Mayor Pro Tempore
TH LAND
STEPHEN J. MANN
DAVID P. WARNER

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6700
FAX (209) 333-6807

H. DIXON FLYNN
City Manager
JENNIFER M. PERRIN
City Clerk
RANDALL A. HAYS
City Attorney

May 7, 1997

The Honorable Pete Wilson
Governor
State of California
State Capitol
Sacramento, CA 95814

Dear Governor Wilson:

On behalf of the City Council of the City of Lodi, I urge your support of **AB 95 (Sweeney), SB 880 (Craven), and AB 1 and ACA 4 (Aguiar).**

Every year more than \$3.4 billion in property taxes is diverted from California local governments through the Educational Revenue Augmentation Fund (ERAF). In addition, cities, counties, and special districts lose any property tax growth that accrues over time. The annual fiscal impact on the City of Lodi is more than \$1.1 million!

These ERAF transfers have had several negative effects on local communities. Proposition 172 and COPS funding have helped maintain public safety. However, billions of dollars are still being drained from infrastructure provision and maintenance, libraries, parks, economic development programs, crime prevention, and other essential local services that help maintain strong neighborhoods and healthy local economies. In addition, ERAF transfers have reduced incentives for many cities and counties to approve new housing and economic development projects. These problems have been exacerbated by local revenue limitations imposed by Proposition 218.

AB 1 (Aguiar), SB 880 (Craven) and ACA 1 (Aguiar) attempt to address these issues through two components: freezing the growth of ERAF transfers at 1996-97 levels, and reducing annual transfers by a schedule of unspecified percentages until the shift reaches zero. **AB 95 (Sweeney)** also contains these provisions, and may soon be amended to provide state income tax revenue to local governments as a means to encourage jobs development and jobs/housing balance.

These measures are supported by a broad coalition of business, labor, local government, and development interests. Coalition members include the California Chamber of Commerce, the California Building Industry Association, the California Association of Realtors, the Service Employees International Union, the California Independent Public Employees Union, the League of California Cities, the California State Association of Counties, and the California Special Districts Association.

On behalf of the City of Lodi, I respectfully urge your support for **AB 95 (Sweeney), SB 880 (Craven), and AB 1 and ACA 4 (Aguiar)**. Thank you for considering this extremely important issue.

Sincerely,

Phillip A. Pennino,
Mayor

CITY COUNCIL

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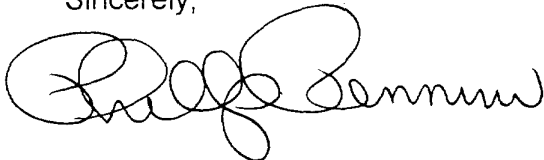
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On behalf of the City of Lodi, I respectfully urge your support for **AB 95 (Sweeney), SB 880 (Craven), and AB 1 and ACA 4 (Aguilar)**. Thank you for considering this extremely important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip A. Pennino". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Phillip A. Pennino,
Mayor